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**sxr Uranium One Enters into an Exclusivity Agreement with Rio Tinto to Acquire the Sweetwater Uranium Mill and Green Mountain Uranium Properties**

**July 10, 2006**

**sxr Uranium One Inc.**  
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Toronto, Ontario M5E 1S2  
Trading Symbol: SXR - The Toronto Stock Exchange

**NEWS RELEASE**

July 10, 2006

Toronto, Ontario

Toronto, Ontario and Johannesburg, South Africa -- sxr Uranium One Inc. is pleased to announce that it has been selected by Rio Tinto Energy America, Inc. ("RTEA"), a wholly-owned subsidiary of Rio Tinto plc, as the preferred bidder for RTEA's Sweetwater Uranium Mill and associated Green Mountain uranium properties located in south-central Wyoming.

Uranium One and RTEA have also entered into an exclusivity agreement under which Uranium One, in consideration for the payment of a US \$1 million exclusivity fee, has been granted the exclusive right to negotiate definitive acquisition documentation consistent with the terms of its offer and to carry out detailed due diligence on the Sweetwater Mill and Green Mountain Properties for a period of six months (which may be extended to nine months with the agreement of the parties).

**Offer Terms**

Under the terms of its offer, Uranium One will pay RTEA US \$110 million on closing, of which US \$65 million will be payable in cash and US \$45 million will be paid by way of the issuance of approximately 6.1 million Uranium One common shares. In addition, Uranium One will issue to RTEA on closing 2.5 million common share purchase warrants, exercisable between September 1, 2007 and September 30, 2010 at an exercise price of approximately Cdn \$9.50 (representing a 15% premium to the volume weighted average trailing price of Uranium One's common shares in the 10 day period ending prior to the signing of the exclusivity agreement). The offer includes a 1% gross royalty payable to RTEA on revenue generated from the sale of uranium produced from the acquired assets.

In addition, Uranium One will make one-time payments to RTEA depending on the level of uranium prices over the first five years of commercial production from the acquired uranium assets. The maximum value of these payments is equal to US\$ 40 million.

The purchase transaction is subject, among other things, to the completion to Uranium One's satisfaction of its due diligence investigations, to the execution of definitive documentation and to the approval of the boards of directors of Uranium One and Rio Tinto plc, and to the receipt of all required governmental and regulatory approvals, including acceptance by the Toronto Stock Exchange.

Neal Froneman, CEO of Uranium One, commented: "Today's announcement is a significant step towards one of the key strategic goals we set for ourselves as a company in 2005 - acquiring the capacity to mine and process uranium in the United States.

The U.S. is the world's largest consumer of U3O8, accounting for approximately 26% of annual global production, more than 96% of which comes from non-U.S. sources. Competition for U3O8 is becoming more intense, as the U.S. and other countries around the world turn increasingly to nuclear power for their energy requirements. Against this backdrop, secure sources of supply and milling capacity in the United States will become increasingly attractive for U.S. utilities. The acquisition of the Sweetwater Mill - one of only four conventional uranium mills in the entire United States - and the Green Mountain uranium deposits will enable us to play a significant role in meeting U.S. energy needs in the years ahead, and contribute significantly to our growth as a company."

#### **The Sweetwater Mill**

The Sweetwater Mill is located some 65 km northwest of the Town of Rawlins, in south-central Wyoming's Great Divide Basin. The Mill is an acid leach facility, with a 3,000 ton per day throughput capacity. The Mill was built at a cost of US \$123 million, equivalent to about US \$300 million in today's dollars. The Mill operated between 1981 and 1983 and has been on standby status since mid-1983. During its three years of operation, the Sweetwater facility produced a total of 1,292,000 lbs U3O8 from a total of 2,340,535 tons of ore (sourced from an adjacent, now depleted orebody which has since been reclaimed), at a reported recovery rate of 90%.

The Sweetwater Mill has been professionally mothballed and is in excellent condition; the Mill also holds a performance-based operating licence from the U.S. Nuclear Regulatory Commission, which was renewed in 2004 for a 10-year term.

#### **The Green Mountain Properties**

The Green Mountain Properties comprise some 19,000 acres of land holdings, consisting of 2,000 acres of patented claims, 12,000 acres of unpatented claims and leases from the State of Wyoming covering some 5,000 acres located in the Great Divide Basin. Several uranium deposits have been identified by previous operators within this land package, the largest of which is the Jackpot Deposit, located some 30 km north of the Sweetwater Mill. Uranium deposits owned or controlled by third parties are located elsewhere in the Great Divide Basin; several of these are in close proximity to the Sweetwater Mill.

### *The Jackpot Deposit*

Uranium mineralization in the Great Divide Basin occurs mainly in the Battle Spring geological formation, a Tertiary age formation consisting of fluvial stream deposits of thick, medium to very coarse-grained, poorly-sorted arkosic sandstones and conglomerates. At Jackpot, uranium mineralization occurs in the Battle Spring formation below Green Mountain. Jackpot mineralization occurs as dark grey to black interstitial fillings and impregnations; the principal uranium minerals are uraninite and coffinite.

In 1992, Mineral Resources Development, Inc. confirmed a historic resource estimate for Jackpot prepared in 1990 by Anaconda Minerals Company of 14.8 million tonnes at 0.195% U<sub>3</sub>O<sub>8</sub>, containing some 57.7 million lbs U<sub>3</sub>O<sub>8</sub> based on a cut-off criteria of 6 feet of 0.10% U<sub>3</sub>O<sub>8</sub>. The estimate was based on historical drilling, including 100 drill holes completed on approximately 400-foot centres in the 1980's and an additional nine holes drilled in 1992. The historical resource estimate is considered to be reliable and is relevant to Uranium One's assessment of the property and its exploration potential; however, it does not incorporate the resource categories defined in National Instrument 43-101 and has not been independently verified by Uranium One's Qualified Person for this property.

In the late 1990's, the operators of the Jackpot property developed a mine plan based on twin 8,800 foot declines, which were driven some 2,000 feet into Green Mountain before work was halted in 1998 due to falling uranium prices. The declines have since been plugged and the portals reclaimed.

### *Phase II, Desert View and Jan*

The Green Mountain land package also includes the Phase II, Desert View and Jan properties where previous operators have estimated historic uranium resources. These estimates pre-date 43-101, and Uranium One is not in a position to verify or comment on these estimates. While the historic resource estimates may be indicative of the potential of these properties, no reliance is being placed by Uranium One thereon.

***All resource estimates quoted herein are based on prior data and reports obtained and prepared by previous operators and pre-date NI 43-101. Uranium One has not completed the work necessary to verify the classification of the mineral resource estimates. Uranium One is not treating the mineral resource estimates as NI 43-101 defined resources verified by a qualified person. The historical estimates should not be relied upon. The Green Mountain properties will require considerable further evaluation, which Uranium One intends to carry out in due course.***

The Qualified Person responsible for the preparation of information of a scientific and technical nature contained herein is Ms. Jennifer Smith, P.Ge., Senior Vice President, Corporate Development, SXR Uranium One.

A map showing the location of the Sweetwater Mill and the Green Mountain Uranium Deposits can be found on our website  
[www.uranium1.com](http://www.uranium1.com)

*About sxr Uranium One*

sxr Uranium One Inc. is a Canadian uranium and gold resource company with a primary listing on the Toronto Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The Corporation owns the Dominion Uranium Project in South Africa and the Honeymoon Uranium Project in South Australia, and is actively pursuing growth opportunities in the western United States. The Corporation holds a 79% interest in Aflease Gold Limited, which owns the Modder East gold project in South Africa. Through a joint venture with Pitchstone Exploration Ltd., the Corporation is also engaged in uranium exploration activities in the Athabasca Basin of Saskatchewan.

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**Cautionary note concerning forward-looking statements and disclosure of mineral resources:** *Statements in this release that are not historical facts are "forward-looking statements" involving known and unknown risk and uncertainties which are beyond the ability of the Corporation to control or predict and which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.*

*To receive the Corporation's news releases by email, contact John Fraser, Corporate Communications at [john@uranium1.com](mailto:john@uranium1.com) or Chris Sattler, Vice President, Investor Relations, at [chris@uranium1.com](mailto:chris@uranium1.com)*

*. The TSX has neither approved nor disapproved of the information contained herein.*

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